

Independent Watchdog Agency to Prevent Abuses that Have Affected Millions

New Windsor, NY - Congressman John Hall (NY-19) visited Mama Theresa Deli today to express his support for the new Consumer Financial Protection Bureau, recently created with the Wall Street Reform and Consumer Protection Act of 2010 which was signed into law last week by President Obama.

The Wall Street Reform and Consumer Protection Act is the most sweeping piece of Wall Street reform legislation in decades. This landmark reform signals the end of the era of abuses by “too big to fail” banks that have cost the American people 8 million jobs and \$17 trillion in retirement savings and net worth, and create a consumer financial protection bureau that finally puts American consumers first.

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“This new law is about whose side you’re on,” said Rep. Hall. “I’m on the side of working families and protecting consumers from fraud and providing New Yorkers with financial security.”

Congressman Hall noted that the passage of the financial reform bill will include immediate benefits and protections for small business owners and consumers. “About 35% of Mama Theresa’s customers use credit cards, and the regulation of interchange fees will allow business owners to continue offering this service while managing the cost of doing business,” he said.

“The interchange fees add up and make it harder to serve our customers and employees,” said Jim DeStefano, owner of Mama Theresa’s Deli. “Helping small business also helps consumers. Thank you to Congressman Hall for his work in Washington.”

The new law also will create the Consumer Financial Protection Bureau (CFPB) to protect Americans from unfair and abusive financial practices. Just like the FDA does for medical safety, the CFPB will set safety standards to prevent hidden credit card fees, deceptive “fine print,” and other financial abuses that have escaped oversight until now.

“This is the 21st Century, and it is our government’s responsibility to regulate products that can be dangerous or financially disastrous to consumers,” said Rep. Hall.

The Wall Street Reform and Consumer Protection act will be charged with ensuring American consumers get the clear, accurate information they need to shop for mortgages, credit cards, student loans, and other financial products. The new CFPB, which will be housed at the Federal Reserve, will protect consumers from hidden fees, abusive or unfair terms and deceptive practices. Also, the agency will oversee the enforcement of federal laws intended to ensure the fair, equitable and nondiscriminatory access to credit for individuals and communities, which could range from requiring new easy-to-read mortgage loans to capping credit card interest rates.

Congressman Hall noted that banks and credit unions with assets of \$10 billion or less will be exempted from the new CFPB, but they will continue to be examined by their current regulator.

“We do not want to burden small businesses with new regulations and fees since they are the backbone of the economic recovery,” remarked Rep. Hall.

John D’Ambrosio, president, Orange County Chamber of Commerce said, “It is great to know that Congressman John Hall and government are helping small businesses.”

The Consumer Protection Bureau will be accessible to consumers all across the country, with a hotline set up so consumers will have, for the first time, a single toll-free number to report problems with financial products and services.

The Consumer Protection Bureau is not the only way this recently passed bill will help consumers with mortgages. The law requires lenders to make sure that a borrower can pay back their mortgage. Lenders must also disclose the maximum a consumer could pay on a variable rate mortgage, with a warning that payments will vary based on interest rate changes.

“We believe that financial literacy is the key to obtaining sustainable quality of life,” said Faith Piatt, director of housing services, Orange County Rural Development Advisory Corp. “We are happy that Congressman Hall is working hard to bring this idea to consumers.”

The new law also prohibits the financial incentives for subprime loans that encourage lenders to steer borrowers into more costly loans. The pre-payment penalties that trapped so many borrowers into unaffordable loans will also be prohibited.

“The good news for home owners across the 19th District and America is that lenders and mortgage brokers who don’t comply with new standards will be held accountable,” said Rep. Hall, “and borrowers are also protected against foreclosure if their lender violates these standards.”